

Message Text

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ORIGIN ARA-20

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FM SECSTATE WASHDC

TO AMEMBASSY TEGUCIGALPA

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E.O. 11652: N/A

TAGS: EIND, EAGR, HO, US

SUBJECT: DIFFICULTIES OF U.S. LUMBER EXPORTERS

1. DEPARTMENT HAS RECEIVED FOLLOWING CABLE ADDRESSED TO SECRETARY FOR "URGENT AND PRIVATE" TRANSMISSION TO DCM; CABLE STATED RELUCTANCE TO USE COMMERCIAL LINES DUE TO "FEAR OF RETALIATION BY GOH:"

"FURTHER TO OUR RECENT CONVERSATION REGARDING NATIONALIZATION OF FOREST INDUSTRY BY HONDURAN GOVERNMENT AND UNWARRANTED CAPRICIOUS TAX ASSESSMENTS, I HAVE NOW BEEN INFORMED THAT AFTER MEETING OF EXPORTERS REPRESENTATIVES WITH MEMBERS OF COHDEFOR THAT: 1) ALL LUMBER EXPORT SHIPMENTS FROM JANUARY 12, 1974, WHILE EFFECTED BY LOCAL COMPANY, TO BE MADE IN NAME OF AND FOR ACCOUNT OF COHDEFOR WITH DEMAND OF PAYMENT TO THEM BEFORE RELEASE OF VESSELS AND NEGOTIABLE DOCUMENTS. 2) COHDEFOR WILL THEN PAY FROM PROCEEDS THE LOCAL COMPANY THE ARBITRARY AMOUNT OF LEMPIRAS 273.00 PER THOUSAND BOARD FEET WITHOUT CONSIDERATION OF MARKET VALUE BY GRADE, ETC. 3) COHDEFOR PROMISES TO REIMBURSE THE LOCAL EXPORTING COMPANY FOR ANY ADDITIONAL APPROVED COSTS PLUS 15 PERCENT PROFIT. THIS REPRESENTS EFFECTIVE CONFISCATION OF ASSETS OF AMERICAN AND HONDURAN

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CITIZENS WITHOUT PROPER COMPENSATION. THE LUMBER BEING

SHIPPED IS FROM OUR HONDURAN COMPANY INVENTORIES WHICH OWNED AND PAID FOR BY THEM. NO OFFER MADE ON PART OF

COHDEFOR TO BUY SUCH INVENTORIES ON HAND OR TO RECOGNIZE ESTABLISHED TERMS OF PAYMENT OF THIRTY DAYS AFTER SHIPMENT. WHILE I HAVE GREATEST SYMPATHY FOR THE SOCIAL AND ECONOMIC PROBLEMS FACING HONDURAS AND RECOGNIZE THEIR RIGHT TO NATIONALIZE THEIR RESOURCES, I AM UNWILLING TO BE A VICTIM WITHOUT REASONABLE IMMEDIATE AND EFFECTIVE COMPENSATION. I REQUEST AND SINCERELY TRUST THAT OUR GOVERNMENT PROTEST THE MANNER IN WHICH THIS PROGRAM IS BEING INSTITUTED AND CARRIED OUT BY THE GOH. SHOULD NO LOGICAL AND REASONABLE SOLUTION BE DEVELOPED, THEN I TRUST THAT AMERICAN GOVERNMENT FUNDS WILL NOT BE USED IN THE FUTURE TO SUPPORT A GOVERNMENT WHICH ACTS IN A CAPRICIOUS, ARBITRARY, AND EFFECTIVELY CONFISCATORY MANNER. WHILE WE WILL CONTINUE TO OPERATE AND COOPERATE, AS IN THE PAST, WITH HONDURAS AUTHORITIES, I WOULD APPRECIATE LEARNING PROMPTLY THE POSITION OF THE AMERICAN GOVERNMENT IN THIS MATTER. /S/ JAMES M. DAVIS, NORTH PORT ROYAL DRIVE, HILTON HEAD ISLAND, S.C., TELEX: SAVANNAH, GA. 54-6489."

2. DEPTOFF MET WITH SAM G. ROBINSON OF ROBINSON LUMBER ON JANUARY 16. ROBINSON DEPLORED COHDEFOR'S EXPORT REQUIREMENTS BUT EXPRESSED HOPE THAT HE COULD GET CURRENT INVENTORY OFF HIS HANDS IN ORDER TO PAY OFF INVENTORY FINANCING. HE NOTED THAT GOH TAX LIENS ON HIS COMPANY TOTAL APPROXIMATELY THE VALUE OF MADERA HIBUERA ASSETS AND CHARACTERIZED THE LIENS AS AN ATTEMPT TO EXPROPRIATE WITHOUT PAYING COMPENSATION. ROBINSON REQUESTED USG PROTEST GOH STEPS. DEPTOFF ASSURED HIM THAT EMBASSY OFFICIALS ARE EXPRESSING CONCERN OVER DEVELOPMENTS DURING REGULAR CONTACTS WITH GOH OFFICIALS BUT SAID THAT STRONGER USG ACTION INAPPROPRIATE AT THIS TIME. ROBINSON GAVE DEPTOFF A COPY OF AN ENGLISH TRANSLATION OF A LONG STUDY OF THE FORESTRY INDUSTRY WHICH HE SAID THE GOH PRODUCED BETWEEN LOPEZ' SPEECH AND THE PUBLICATION OF DECREE 103.

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3. DEPARTMENT WOULD APPRECIATE VERIFICATION OF CLAIM IN DAVIS CABLE THAT COHDEFOR IS OFFERING LOCAL COMPANIES COSTS PLUS 15 PERCENT PROFIT. IF SO, WILL THIS BE ACCEPTABLE TO MOST U.S. INVESTORS?
RUSH

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